

**UNITED NATIONS DEVELOPMENT PROGRAMME
CAMBODIA COUNTRY OFFICE**

AWARD ID 00061041

PROJECT ID 00077135

PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III

**REPORT OF THE INDEPENDENT AUDITORS
FOR THE PERIOD FROM 1 JANUARY 2012 TO
31 DECEMBER 2012**

UNITED NATIONS DEVELOPMENT PROGRAMME

AWARD ID 00061041

PROJECT ID 00077135

PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III

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**UNITED NATIONS DEVELOPMENT PROGRAMME
CAMBODIA COUNTRY OFFICE**

AWARD ID 00061041

PROJECT ID 00077135

PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III

PART 1

**AUDITED STATEMENT OF EXPENDITURES
(COMBINED DELIVERY REPORT)
FOR THE PERIOD FROM 1 JANUARY 2012 TO
31 DECEMBER 2012**



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Report of the independent auditors on the statement of expenditures (Combined Delivery Report)

To the National Project Director of the Partnership for Gender Equity – Phase III and the Country Director of United Nations Development Programme

We have audited the accompanying statement of expenditures (“the statement”) of the UNDP Award ID 00061041 and Project ID 00077135 - Partnership for Gender Equity – Phase III (“PGE” or “the Project”) in column titled “Gov’t Disb” implemented by the Ministry of Women’s Affairs (“the Implementing Partner”) for the period from 1 January 2012 to 31 December 2012, and notes, comprising a summary of significant accounting policies and other explanatory information as set out on pages 4 to 12. The statement has been prepared by the management of the Project based on the basis of accounting and accounting policies described in Note 2 to the statement.

Management’s responsibility for the statement

Management is responsible for the preparation of this statement in accordance with the basis of accounting and the accounting policies described in Note 2 to the statement, 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.

Auditors’ responsibility

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. 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 our judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’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 entity’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 overall 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.

Opinion

In our opinion, the statement of expenditures presents fairly, in all material respects, the expenditure of US\$161,434 incurred by the Project for the period from 1 January 2012 to 31 December 2012 and funds balance (funds utilisation) as at 31 December 2012 in accordance with the basis of accounting and the accounting policies described in Note 2 to the statement.

Other matters

We draw attention to the fact that we have not audited the accompanying statement of expenditures of the UNDP Award ID 00061041 and Project ID 00077135 – Partnership for Gender Equity – Phase III in columns titled “UNDP Disb” amounting to US\$491,079 made by the UNDP Country Office as part of support service (as further detailed in Note 4), “UN Agencies”, “Encumbrance” and “Total Exp” for the period from 1 January 2012 to 31 December 2012 and any of the related notes and accordingly, we do not express an opinion on them.

We draw attention to Note 2 to the statement which describes the basis of accounting and the accounting policies adopted by the Project. The statement is prepared for the information and use of the Project’s management and UNDP. As a result, the statement may not be suitable for another purpose. This report is intended solely for the information and use of UNDP and the Royal Government of Cambodia.

For KPMG Cambodia Ltd.

By Craig McDonald
Audit Partner

Phnom Penh, Kingdom of Cambodia

5 April 2013



Combined Delivery Report By Project

UN Development Programme
Report ID: unglcdrp

Selection Criteria :

Business Unit : KHM10
Period : Jan-Dec (2012)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00077135

Project Id : 00061041 Partnership for Gender Equity	Period : Jan-Dec (2012)
Output # : 00077135 Partnership for Gender Equity	Impl. Partner : 00632 National Execution
	Location : Cambodia
Govt Exp	UNDP Exp
UN Agencies Exp	Total Exp

Dept: 39604 (Cambodia - Dem. Governance)

Fund : 04000 (Core Programme, UNU Centre)

61305 - Salaries - IP Staff	0.00	31,990.70	0.00	31,990.70
61310 - Post Adjustment - IP Staff	0.00	8,125.62	0.00	8,125.62
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	10,883.96	0.00	10,883.96
62315 - Contrib. to medical, social in	0.00	90.45	0.00	90.45
62320 - Mobility, Hardship, Non-remova	0.00	2,680.57	0.00	2,680.57
62340 - Annual Leave Expense - IP	0.00	207.84	0.00	207.84
63335 - Home Leave Trvl & Allow-IP Stf	0.00	693.74	0.00	693.74
63515 - Security-related Costs	0.00	2,116.42	0.00	2,116.42
63530 - Contribution to EOS Benefits	0.00	1,002.89	0.00	1,002.89
63535 - Contribution to Security	0.00	2,729.39	0.00	2,729.39
63540 - Contribution to Training	0.00	401.17	0.00	401.17
63545 - Contribution to ICT	0.00	601.74	0.00	601.74
63550 - Contributions to MAIP	0.00	80.22	0.00	80.22
63555 - Contribution to UN JFA	0.00	722.10	0.00	722.10
63560 - Contributions to Appendix D	0.00	120.35	0.00	120.35
65115 - Contributions to ASHI Reserve	0.00	2,607.55	0.00	2,607.55
65135 - Payroll Mgt Cost Recovery ATLA	0.00	289.71	0.00	289.71
71205 - Intl Consultants-Sht Term-Tech	0.00	17,244.10	0.00	17,244.10
71305 - Local Consult.-Sht Term-Tech	0.00	11,556.85	0.00	11,556.85
71405 - Service Contracts-Individuals	0.00	72,537.21	0.00	72,537.21
71410 - MAIP Premium SC	0.00	52.22	0.00	52.22
71415 - Contribution to Security SC	0.00	0.00	0.00	0.00
71505 - UN Volunteers-Stipend & Allow	0.00	12,307.90	0.00	12,307.90
71520 - UNV-Language Allowance	0.00	134.00	0.00	134.00
71535 - UNV-Medical Insurance	0.00	738.30	0.00	738.30
71540 - UNV-Global Charges	0.00	1,376.86	0.00	1,376.86
71545 - UNV-Home Leave Travel & Allowa	0.00	120.60	0.00	120.60
71550 - UNV-Resettlement Allowance	0.00	1,005.00	0.00	1,005.00
71605 - Travel Tickets-International	2,436.00	220.00	0.00	2,656.00
71615 - Daily Subsistence Allow-Intl	1,702.80	687.24	0.00	2,390.04
71620 - Daily Subsistence Allow-Local	0.00	2,340.00	0.00	2,340.00
71625 - Daily Subsist Allow-Mtg Partic	442.00	0.00	0.00	442.00
71635 - Travel - Other	0.00	145.00	0.00	145.00
72105 - Svc Co-Construction & Engineer	0.00	28,120.20	0.00	28,120.20
72110 - Svc Co-Agricultural Management	2,000.00	0.00	0.00	2,000.00
72210 - Machinery and Equipment	1,845.00	0.00	0.00	1,845.00
72215 - Transportation Equipment	0.00	0.00	0.00	0.00
72311 - Fuel, petroleum and other oils	0.00	-472.46	0.00	-472.46
72420 - Land Telephone Charges	233.05	0.00	0.00	233.05
72425 - Mobile Telephone Charges	810.00	0.00	0.00	810.00
72430 - Postage and Pouch	0.00	90.72	0.00	90.72
72435 - E-mail-Subscription	1,646.70	0.00	0.00	1,646.70
72505 - Stationery & other Office Supp	1,525.64	0.00	0.00	1,525.64
73110 - Custodial & Cleaning Services	90.00	0.00	0.00	90.00



Combined Delivery Report By Project

Project Id : 00061041 Partnership for Gender Equity	Period :	Jan-Dec (2012)
Output # : 00077135 Partnership for Gender Equity	Impl. Partner :	00632 National Execution
	Location :	Cambodia
	Govt Exp	UNDP Exp
	UN Agencies Exp	Total Exp

73305 - Maint & Licensing of Hardware	317.00	0.00	0.00	317.00
73410 - Maint, Oper of Transport Equip	811.11	- 107.00	0.00	704.11
74210 - Printing and Publications	5,759.60	0.00	0.00	5,759.60
74220 - Translation Costs	396.00	0.00	0.00	396.00
74225 - Other Media Costs	0.00	43.20	0.00	43.20
74325 - Contrib.To CO Common Security	0.00	726.97	0.00	726.97
74510 - Bank Charges	63.20	0.00	0.00	63.20
74525 - Sundry	1,507.15	104.40	0.00	1,611.55
74599 - UNDP cost recovery chrgs-Bills	0.00	15,386.95	0.00	15,386.95
75705 - Learning costs	60,598.91	2,020.70	0.00	62,619.61
76125 - Realized Loss	0.00	221.88	0.00	221.88

Total for Fund 04000 82,184.16 231,945.26 0.00 314,129.42

Fund : 30000 (PROGRAMME COST SHARING)

61305 - Salaries - IP Staff	0.00	31,990.70	0.00	31,990.70
61310 - Post Adjustment - IP Staff	0.00	8,254.22	0.00	8,254.22
62310 - Contrib to Jt Staff Pens Fd-IP	0.00	10,883.96	0.00	10,883.96
62315 - Contrib. to medical, social in	0.00	90.45	0.00	90.45
62320 - Mobility, Hardship, Non-remova	0.00	2,680.57	0.00	2,680.57
62340 - Annual Leave Expense - IP	0.00	207.85	0.00	207.85
63335 - Home Leave Trvl & Allow-IP Stf	0.00	693.75	0.00	693.75
63530 - Contribution to EOS Benefits	0.00	1,002.89	0.00	1,002.89
63535 - Contribution to Security	0.00	1,604.67	0.00	1,604.67
63540 - Contribution to Training	0.00	401.17	0.00	401.17
63545 - Contribution to ICT	0.00	601.75	0.00	601.75
63550 - Contributions to MAIP	0.00	80.22	0.00	80.22
63555 - Contribution to UN JFA	0.00	722.11	0.00	722.11
63560 - Contributions to Appendix D	0.00	120.36	0.00	120.36
65115 - Contributions to ASHI Reserve	0.00	2,607.55	0.00	2,607.55
65135 - Payroll Mgt Cost Recovery ATLA	0.00	289.71	0.00	289.71
71205 - Intl Consultants-Sht Term-Tech	0.00	61,033.90	0.00	61,033.90
71305 - Local Consult.-Sht Term-Tech	15,072.00	3,272.26	0.00	18,344.26
71405 - Service Contracts-Individuals	0.00	36,891.96	0.00	36,891.96
71410 - MAIP Premium SC	0.00	22.64	0.00	22.64
71415 - Contribution to Security SC	0.00	0.00	0.00	0.00
71605 - Travel Tickets-International	0.00	3,254.41	0.00	3,254.41
71615 - Daily Subsistence Allow-Intl	0.00	5,322.40	0.00	5,322.40
71620 - Daily Subsistence Allow-Local	0.00	4,488.36	0.00	4,488.36
71625 - Daily Subsist Allow-Mtg Partic	782.10	0.00	0.00	782.10
71630 - Shipment	0.00	784.10	0.00	784.10
71635 - Travel - Other	78.92	910.42	0.00	989.34
72210 - Machinery and Equipment	2,386.00	2,235.00	0.00	4,621.00
72215 - Transportation Equipment	0.00	47,194.96	0.00	47,194.96
72311 - Fuel, petroleum and other oils	0.00	2,351.49	0.00	2,351.49
72405 - Acquisition of Communic Equip	0.00	3,286.00	0.00	3,286.00
72420 - Land Telephone Charges	810.36	0.00	0.00	810.36
72425 - Mobile Telephone Charges	2,160.00	0.00	0.00	2,160.00
72435 - E-mail-Subscription	4,940.10	0.00	0.00	4,940.10
72505 - Stationery & other Office Supp	6,394.07	0.00	0.00	6,394.07
72510 - Publications	0.00	222.50	0.00	222.50
73110 - Custodial & Cleaning Services	630.00	0.00	0.00	630.00
73305 - Maint & Licensing of Hardware	338.00	0.00	0.00	338.00

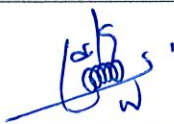


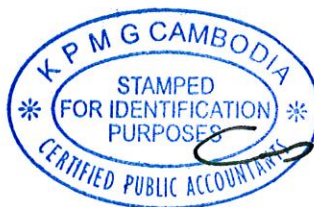
Combined Delivery Report By Project


Project Id : 00061041 Partnership for Gender Equity	Period :	Jan-Dec (2012)	
Output # : 00077135 Partnership for Gender Equity	Impl. Partner :	00632 National Execution	
	Location :	Cambodia	

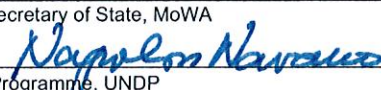
	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
73405 - Rental & Maint-Other Office Eq	187.00	0.00	0.00	187.00
73410 - Maint, Oper of Transport Equip	871.09	878.05	0.00	1,749.14
73505 - Reimb to UNDP for Supp Srvs	0.00	236.19	0.00	236.19
74210 - Printing and Publications	5,499.79	327.95	0.00	5,827.74
74220 - Translation Costs	672.90	0.00	0.00	672.90
74225 - Other Media Costs	195.00	322.95	0.00	517.95
74505 - Insurance	0.00	68.33	0.00	68.33
74510 - Bank Charges	110.59	0.00	0.00	110.59
74525 - Sundry	3,433.22	0.00	0.00	3,433.22
75105 - Facilities & Admin - Implement	0.00	22,136.16	0.00	22,136.16
75705 - Learning costs	34,688.22	1,645.80	0.00	36,334.02
76125 - Realized Loss	0.00	16.38	0.00	16.38
Total for Fund 30000	79,249.36	259,134.14	0.00	338,383.50
Total for Dept : 39604	161,433.52	491,079.40	0.00	652,512.92
Dept: 39608 (Cambodia - Poverty Reduction)				
Fund : 04000 (Core Programme, UNU Centre)				
73410 - Maint, Oper of Transport Equip	0.00	0.00	0.00	0.00
Total for Fund 04000	0.00	0.00	0.00	0.00
Total for Dept : 39608	0.00	0.00	0.00	0.00
Total for Output : 00077135	161,433.52	491,079.40	0.00	652,512.92

Project Total :	161,433.52	491,079.40	0.00	652,512.92
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Chichhuong CHAO
Management Support Unit



Signed By : H. E Ms. Khim Chamroeun  Date : 5 APR 2013
Title : National Project Director, Secretary of State, MoWA

Signed By : Napoleon Navarro  Date : 5 APR 2013
Title : Deputy Country Director - Programme, UNDP



Combined Delivery Report By Project

UN Development Programme
Report ID: unglcdrp

Page 4 of 6
Run Time: 19-03-2013 04:03:44

Selection Criteria :

Business Unit : KHM10
Period : Jan-Dec (2012)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00077135

Project Id : ALL	Period : Jan-Dec (2012)
Output # : ALL	Impl. Partner :
	Location :

	Govt Exp	UNDP Exp	UN Agencies Exp	Total Exp
39604 - Cambodia - Dem. Governance	161,433.52	491,079.40	0.00	652,512.92
39608 - Cambodia - Poverty Reduction	0.00	0.00	0.00	0.00



Combined Delivery Report By Project

UN Development Programme

Page 5 of 6
Run Time: 19-03-2013 04:03:52

Report ID: unglcdrp

Funds Utilization

Selection Criteria :

Business Unit : KHM10
Period : Jan-Dec (2012)
Selected Project Id : ALL
Selected Fund Code : ALL
Selected Dept. IDs : ALL
Selected Outputs : 00077135

Project/Award: 00061041 Partnership for Gender Equity

Period : As at Dec 31, 2012

Output #	00077135	Impl. Partner :00632 National Execution	UNDP AMOUNT
Outstanding NEX advances			46,123.04
Undepreciated Fixed Assets			0.00
Inventory			0.00
Prepayments			0.00
Commitments			104,816.60



Schedule to Combined Delivery Report
IPSAS Adjustments as at 1 January 2012

Selection Criteria :

Business Unit : KHM10
Selected Project(s): ALL
Selected Fund Code : ALL
Selected Output(s): 00077135

Project Id : ALL					
Output # :					
Impl. Partner :	NONE				
Description	Account	Fund	Donor	Amount	

No Data found for the Selection Criteria

UNITED NATIONS DEVELOPMENT PROGRAMME

AWARD ID 00061041

PROJECT ID 00077135

PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III

Notes to the statement of expenditures

(Combined Delivery Report)

For the period from 1 January 2012 to 31 December 2012

These notes form an integral part of the accompanying statement of expenditures (Combined Delivery Report).

1. Project background

Award ID 00061041, Project ID 00077135 - Partnership for Gender Equity – Phase III (“PGE” or “the Project”) was set up in accordance with the Project Agreement signed between UNDP and the Royal Government of Cambodia represented by the Ministry of Women’s Affairs (“MoWA”) on 29 February 2011. The Project started its activities on 1 January 2011 and the estimated duration is five years.

The Project’s overall objective is to ensure that the gender-sensitive policies and plans for Millennium Development Goals (MDG) acceleration are actually implemented and make an impact on the status, rights and choices of Cambodian women.

The Project’s activities to achieve the above objective are as follows:

1. Supporting an increase in the proportion of women civil servants by one percent every year as set by the National Strategic Development Plan;
2. Annually equip 350 current and future civil servants with knowledge on gender issues in public administration and service delivery;
3. Improving business and technical skills of at least 800 women in two provinces;
4. Increasing to 100% the proportion of people who are aware that Gender-Based Violence (GBV) is a criminal act; and
5. Equip at least 300 local authorities and representatives with knowledge and skills to address GBV in their local communities.

UNITED NATIONS DEVELOPMENT PROGRAMME

AWARD ID 00061041

PROJECT ID 00077135

PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III

Notes to the statement of expenditures

(Combined Delivery Report) (continued)

For the period from 1 January 2012 to 31 December 2012

2. Significant accounting policies

(a) Basis of preparation

The statement of expenditures (Combined Delivery Report) of the UNDP Award ID 00061041 and Project ID 00077135 - Partnership for Gender Equity – Phase III (“PGE” or “the Project”), which is expressed in United States Dollars (“US\$”) has been prepared in accordance with the cash basis of accounting. This is a basis of accounting that is designed to meet the UNDP accounting requirements for Government implementation; it is not designed to produce a statement that is compatible with International Financial Reporting Standards. Under this basis of accounting, expenditures are recognised when payments are made rather than when incurred. Payments are made by the implementing partner or by the UNDP Country Office.

The accompanying statement of expenditures (Combined Delivery Report) was prepared for the purpose of complying with UNDP Award ID 00061041 and Project ID 00077135 between UNDP and the implementing partner and the UNDP accounting requirements.

(b) Expenditures

Expenditures represent costs incurred in meeting the Project objectives in line with the approved budgets.

(c) Non-expendable items

The purchase price and any directly attributable costs in acquiring the non-expendable items are recorded as expenses at the time the assets and equipment are acquired and payment is made.

For control purposes, the Project prepares a statement of assets and equipment. The statement of assets and equipment comprise non-expendable items whose cost is over US\$1,000.

(d) Foreign currencies

The statement of expenditures (Combined Delivery Report) is presented in United States Dollars (“US\$”). Transactions in currencies other than US\$ are recorded at the UNDP rate of exchange for the month when the expenditure was made.

UNITED NATIONS DEVELOPMENT PROGRAMME

AWARD ID 00061041

PROJECT ID 00077135

PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III

Notes to the statement of expenditures

(Combined Delivery Report) (continued)

For the period from 1 January 2012 to 31 December 2012

3. Combined Delivery Report

The Combined Delivery Report (“CDR”) is the report that reflects the total expenditures, obligation and fund utilisation (recorded in ATLAS) of a project during a year. This report is prepared by UNDP, using an in-house accounting software package called ATLAS. The CDR combines expenditures from three disbursement sources for a calendar year. The three disbursement sources include:

(a) Implementing partner (either Government or NGO)

These represent disbursements made by the implementing partner and are recorded in the Government expenditures column in the CDR.

(b) UNDP (country office, headquarters and other country offices)

These represent disbursements made by UNDP from its own bank accounts. These UNDP disbursements are recorded in the UNDP disbursements column in the CDR. These disbursements may be classified as either direct payments or UNDP support services.

(i) Direct Payments - These are payments made by UNDP on behalf of the implementing partner, which is responsible for the expenditures. The implementing partner is accountable for the disbursement and maintains all supporting documentation.

(ii) UNDP Support Services - These are payments made by the UNDP for the provision of support services to the Project and signed a Letter of Agreement on 29 February 2011. UNDP is fully responsible and accountable for these expenditures and, accordingly, maintains all supporting documentation for the disbursement.

(c) UN agencies

These represent expenditures of a UN agency when implementing part of the Project. These UN agency expenditures are recorded in the UN Agencies column in the CDR.

4. UNDP disbursements

	UNDP Direct Payments US\$	UNDP Support Services US\$ (Unaudited)	Total US\$ (Unaudited)
Total disbursements	-	491,079	491,079

**UNITED NATIONS DEVELOPMENT PROGRAMME
CAMBODIA COUNTRY OFFICE**

**AWARD ID 00061041
PROJECT ID 00077135
PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III**

**PART 2
AUDITED STATEMENT OF CASH POSITION
AS AT 31 DECEMBER 2012**



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Report of the independent auditors on the statement of cash position

To the National Project Director of the Partnership for Gender Equity – Phase III and the Country Director of United Nations Development Programme

We have audited the accompanying statement of cash position (“the statement”) of the UNDP Award ID 00061041 and Project ID 00077135 - Partnership for Gender Equity – Phase III (“PGE” or “the Project”) implemented by the Ministry of Women’s Affairs (“the Implementing Partner”) as at 31 December 2012, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 16 to 17. The statement has been prepared by the management of the Project based on the basis of accounting and accounting policies described in Note 1 to the statement.

Management’s responsibility for the statement

Management is responsible for the preparation of this statement in accordance with the basis of accounting and the accounting policies described in Note 1 to the statement, 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.

Auditors’ responsibility

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. 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 our judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’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 entity’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 overall 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.



Opinion

In our opinion, the statement of cash position presents fairly, in all material respects, the cash balance of the Project amounting to US\$46,123 as at 31 December 2012 in accordance with the basis of accounting and the accounting policies described in Note 1 to the statement.

Other matter

We draw attention to Note 1 to the statement, which describes the basis of accounting and the accounting policies adopted by the Project. The statement is prepared for the information and use of the Project's management and UNDP. As a result, the statement may not be suitable for another purpose. This report is intended solely for the information and use of UNDP and the Royal Government of Cambodia.

For KPMG Cambodia Ltd.



By Craig McDonald
Audit Partner

Phnom Penh, Kingdom of Cambodia

5 April 2013

UNITED NATIONS DEVELOPMENT PROGRAMME

AWARD ID 00061041

PROJECT ID 00077135

PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III

Statement of cash position

As at 31 December 2012

	As at 31 December 2012 US\$
Cash in bank	46,123

Prepared by:



Name: Ms. Suong Marada
Position: Finance Officer

5 April 2013

Certified by:



Name: Mr. Lay Samkol
Position: Management Specialist

5 April 2013

Approved by:



Name: Ms. Nhean Sochetra
Position: Project Manager

5 April 2013



UNITED NATIONS DEVELOPMENT PROGRAMME

AWARD ID 00061041

PROJECT ID 00077135

PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III

Note to the statement of cash position

As at 31 December 2012

These notes form an integral part of the accompanying statement of cash position.

1. Significant accounting policies

(a) Basis of preparation

The statement of cash position of the UNDP Award ID 00061041 and Project ID 00077135 - Partnership for Gender Equity – Phase III (“PGE” or “the Project”), which is expressed in United States Dollars (“US\$”) has been prepared in accordance with the cash basis of accounting. This is a basis of accounting that is designed to meet the UNDP accounting requirements for Government implementation; it is not designed to produce a statement that is compatible with International Financial Reporting Standards. Under this basis of accounting, expenditures are recognised when payments are made rather than when incurred. Payments are made by the implementing partner or by the UNDP Country Office.

The accompanying statement of cash position was prepared for the purpose of complying with UNDP Award ID 00061041 and Project ID 00077135 between UNDP and the implementing partner and the UNDP accounting requirements.

(b) Foreign currencies

The statement of cash position is presented in United States Dollars (“US\$”). Cash balances in currencies other than US\$ are recorded at the UNDP exchange rate at 31 December 2012.

**UNITED NATIONS DEVELOPMENT PROGRAMME
CAMBODIA COUNTRY OFFICE**

AWARD ID 00061041

PROJECT ID 00077135

PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III

PART 3

**AUDITED STATEMENT OF ASSETS AND EQUIPMENT
AS AT 31 DECEMBER 2012**



KPMG Cambodia Ltd
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Report of the independent auditors on the statement of assets and equipment

To the National Project Director of the Partnership for Gender Equity – Phase III and the Country Director of United Nations Development Programme

We have audited the accompanying statement of assets and equipment (“the Statement”) of the UNDP Award ID 00061041 and Project ID 00077135 – Partnership for Gender Equity – Phase III (“PGE” or “the Project”) implemented by the Ministry of Women’s Affairs (“the Implementing Partner”) as at 31 December 2012, and notes, comprising a summary of significant accounting policies and other explanatory information set out on pages 21 to 25. The statement has been prepared by the management of the Project based on the basis of accounting and accounting policies described in Note 1 to the statement.

Management’s responsibility for the statement

Management is responsible for the preparation of this statement in accordance with the basis of accounting and the accounting policies described in Note 1 to the statement, 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.

Auditors’ responsibility

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. 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 our judgement, including the assessment of the risks of material misstatement of the statement, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity’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 entity’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 overall 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.

Opinion

In our opinion, the statement of assets and equipment presents fairly, in all material respects, the assets and equipment balance of the Project amounting to US\$72,514 as at 31 December 2012 in accordance with the basis of accounting and the accounting policies described in Note 1 to the statement.

Other matter

We draw attention to Note 1 to the statement, which describes the basis of accounting and the accounting policies adopted by the Project. The statement is prepared for the information and use of the Project's management and UNDP. As a result, the statement may not be suitable for another purpose. This report is intended solely for the information and use of UNDP and the Royal Government of Cambodia.

For KPMG Cambodia Ltd.

By Craig McDonald
Audit Partner

Phnom Penh, Kingdom of Cambodia

5 April 2013

UNITED NATIONS DEVELOPMENT PROGRAMME

**AWARD ID 00061041
PROJECT ID 00077135
PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III**

**Statement of assets and equipment
As at 31 December 2012**

Item	DESCRIPTION	CATEGORY	LIFE	TAG NUMBER	SERIAL ID	LOCATION (physical)	ACQUISITION DATE	Quantity (should always be 1)	Acquisition Cost (\$)
1	Digital Projector Mp HP 3222	CAP	5	00037213/101	TWCS365350	PGE Office	7-Feb-06	1	2,299
2	IBM think center A50, CPU Interl P4-3.0Ghz, processore,512MB RAM PC-2700 Mhz, 80GB Hard disk drive cambo drive (DVD/CD-Writer) 2 USB, Paralle Port Intergrated Sound 3D, Intergrated10/100 NIC IBM Keyboard PS/2, IBM Mouse PS/2, IBM19 Inch flatness screen LCD, MS-window xp profesional, UPS 1200VA, Powertree, Speaker sd 525.	CAP	5	00037213/103		Rithy and H.E Im Sithe	9-May-06	1	1,635
3	IBM think center A50, CPU Interl P4-3.0Ghz, processore,512MB RAM PC-2700 Mhz, 80GB Hard disk drive cambo drive (DVD/CD-Writer) 2 USB, Paralle Port Intergrated Sound 3D, Intergrated10/100 NIC IBM Keyboard PS/2, IBM Mouse PS/2, IBM19 Inch flatness screen LCD, MS-window xp profesional, UPS 1200VA, Powertree, Speaker sd 525.	CAP	5	00037213/104		Rithy and H.E Im Sithe	9-May-06	1	1,635
4	Laptop Sony VIO notebook - Intel CPU centrino 2.0ghz	Non-CAP	5	00037213/129	00045-654-909-499	Admin. Office	20-Sep-06	1	1,745

UNITED NATIONS DEVELOPMENT PROGRAMME

**AWARD ID 00061041
PROJECT ID 00077135
PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III**

**Statement of assets and equipment (continued)
As at 31 December 2012**

Item	DESCRIPTION	CATEGORY	LIFE	TAG NUMBER	SERIAL ID	LOCATION (physical)	ACQUISITION DATE	Quantity (should always be 1)	Acquisition Cost (\$)
5	IBM think center E50, system CPU Intel P4-3.0Ghz, processore,512MB RAM PC-2700 Mhz, 160GB Hard disk drive cambo drive (DVD/CD-Writer) 2 USB, Paralle Port Intergrated Sound 3D, Intergrated10 /100 NIC IBM Keyboard PS/2, IBM Mouse PS/2, Dell19 Inch flatness screen LCD, Including UPS 1200VA , Powertree, MS-window XP professional (SP2)	Non-CAP	5	00037213/130		Intern PGE downtown	28-Nov-06	1	1,655
6	IBM think center E50, system CPU Intel P4-3.0Ghz, processore,512MB RAM PC-2700 Mhz, 160 GB Hard disk drive cambo drive (DVD/CD-Writer) 2 USB, Paralle Port Intergrated Sound 3D, Intergrated10/100 NIC IBM Keyboard PS/2, IBM Mouse PS/2, Dell19 inch flatness screen LCD, Including UPS 1200VA , Powertree, MS-window XP professional (SP2)	Non-CAP	5	00037213/131		SME Kampong Speu	28-Nov-06	1	1,655
7	Moto HONDA, ND 125 Black	CAP	3	00037213/157	E8372759	WDC/Kampong Speu	18-Dec-08	1	1,600
8	Sharp Digital Copier AR-M201	CAP	1	00037213/173		PGE Upstaire	22-Mar-10	1	1,150
9	Sharp Digital Copier AR-M202	CAP	1	00037213/174		WDC/Kampong Speu	1-Jul-10	1	1,150
Total Assets transferred from PGE II									14,524

UNITED NATIONS DEVELOPMENT PROGRAMME

**AWARD ID 00061041
PROJECT ID 00077135
PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III**

**Statement of assets and equipment (continued)
As at 31 December 2012**

Item	DESCRIPTION	CATEGORY	LIFE	TAG NUMBER	SERIAL ID	LOCATION (physical)	ACQUISITION DATE	Quantity (should always be 1)	Acquisition Cost (\$)
10	HP Printer Color Laser JetCP3525ND-PN	CAP	1	00077135/177	CNCX81401	PGE Office Upsaire	3-Oct-11	1	1,174
11	Laptop Sonny VIO EG18FG	CAP	1	00077135/202	27545072-7002458	Management Specialist	14-Nov-11	1	1,150
12	Laptop Sonny VIO EG18FG	CAP	1	00077135/203	27545072-7003122	Project Manager	15-Nov-11	1	1,150
13	Laptop Sonny VIO EG18FG	CAP	1	00077135/204	27545072-7002276	Project Advisor	16-Nov-11	1	1,150
14	Dell CPU Server	CAP	1	00077135/225	JLXB2S	PGE down stair	10-Jan-12	1	1,735
15	Toyota Land Cruiser2012, STD 4.5l, 9 Seat, Diesel	NON-CAP	1	00077135/244	N/A	UNDP CO	11-Sep-12	1	47,195
16	Scanner/Photocopy, HP Model CE503A	NON-CAP	1	00077135/243	CNC XDDBR 302	PGE Management Office	21-Nov-12	1	3,286
Total UNDP disbursement									56,840

UNITED NATIONS DEVELOPMENT PROGRAMME

**AWARD ID 00061041
PROJECT ID 00077135
PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III**

Statement of assets and equipment (continued)

As at 31 December 2012

Item	DESCRIPTION	CATEGORY	LIFE	TAG NUMBER	SERIAL ID	LOCATION (physical)	ACQUISITION DATE	Quantity (should always be 1)	Acquisition Cost (\$)
17	Sharp Digital Copier AR-M201	CAP	1	00077135/223	15007935	Project Manager	26-Dec-11	1	1,150
Government disbursement									
Total assets purchased in 2012									
									1,150
									52,216
TOTAL									72,514

Prepared by:



Name: Ms. Suong Marada
Position: Finance Officer

5 April 2013



Certified by:



Name: Mr. Lay Samkol
Position: Management Specialist

5 April 2013

Approved by:



Name: Ms. Nhean Sochetra
Position: Project Manager

5 April 2013

UNITED NATIONS DEVELOPMENT PROGRAMME

AWARD ID 00061041

PROJECT ID 00077135

PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III

Note to the statement of assets and equipment As at 31 December 2012

These notes form an integral part of the accompanying statement of assets and equipment.

1. Significant accounting policies

(a) Basis of preparation

The statement of assets and equipment of the UNDP Award ID 00061041 and Project ID 00077135 - Partnership for Gender Equity – Phase III (“PGE” or “the Project”), which is expressed in United States Dollars (“US\$”) has been prepared in accordance with the cash basis of accounting. This is a basis of accounting that is designed to meet the UNDP accounting requirements for Government implementation; it is not designed to produce a statement that is compatible with International Financial Reporting Standards. Under this basis of accounting, expenditures are recognised when payments are made rather than when incurred. Payments are made by the implementing partner or by the UNDP Country Office.

The accompanying statement of assets and equipment was prepared for the purpose of complying with UNDP Award ID 00061041 and Project ID 00077135 between UNDP and the implementing partner and the UNDP accounting requirements.

(b) Non-expendable items

The purchase price and any directly attributable costs in acquiring the non-expendable items are recorded as expenses at the time the assets and equipment are acquired and payment is made. No depreciation or price adjustment on the statement of assets and equipment is made subsequent to purchases as they were already expensed.

Those expenditures are reported in the statement of expenditures (Combined Delivery Report) in their respective year of purchase.

For control purposes, the Project prepares a statement of assets and equipment. The statement of assets and equipment comprises non-expendable items whose cost is US\$1,000 and above.

(c) Foreign currencies

The statement of assets and equipment is presented in United States Dollars (“US\$”). Transactions in currencies other than US\$ are recorded at the UNDP rate of exchange for the month when the expenditure was made.

**UNITED NATIONS DEVELOPMENT PROGRAMME
CAMBODIA COUNTRY OFFICE**

**AWARD ID 00061041
PROJECT ID 00077135
PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III**

**PART 4
SUMMARY OF AUDIT RESULTS
FOR THE PERIOD FROM 1 JANUARY 2012 TO
31 DECEMBER 2012**

UNITED NATIONS DEVELOPMENT PROGRAMME

**AWARD ID 00061041
PROJECT ID 00077135
PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III**

**Audit data and observations on the statement of expenditures (Combined Delivery Report)
For the period from 1 January 2012 to 31 December 2012**

Award No.	Project No.	Amount audited and certified (US\$)	Audit opinion (unqualified, qualified, adverse, disclaimer)	Total amount of qualification of audit opinion (if qualified, adverse or disclaimer) (US\$)	Total amount of net financial impact ("NFI") of qualification of audit opinion (if qualified, adverse or disclaimer) (US\$)	Reason(s) for qualification of audit opinion and breakdown of NFI amount (US\$)	Observations that had impact on qualification of audit opinion (list observation number(s) and page of audit report/ management letter
00061041	00077135	161,434	Unqualified	Nil	Nil	Not applicable	Not applicable

For KPMG Cambodia Ltd.


 By Craig McDonald
 Audit Partner

Phnom Penh, Kingdom of Cambodia

5 April 2013

UNITED NATIONS DEVELOPMENT PROGRAMME

**AWARD ID 00061041
PROJECT ID 00077135
PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III**

**Audit data and observations on the statement of cash position
As at 31 December 2012**

Award No.	Project No.	Value of Cash Position Statement as at 31 December 2011 (US\$)	Audit opinion on the Statement of Cash Position	Total amount of qualification on the Statement of Cash Position (US\$)	Total amount of Net Financial Impact (“NFI”) of qualification of audit opinion on the Statement of Cash Position (US\$)
00061041	00077135	46,123	Unqualified	Nil	Nil

For KPMG Cambodia Ltd.



 By Craig McDonald
 Audit Partner

Phnom Penh, Kingdom of Cambodia

5 April 2013

UNITED NATIONS DEVELOPMENT PROGRAMME

**AWARD ID 00061041
PROJECT ID 00077135
PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III**

**Audit data and observations on the statement of assets and equipment
As at 31 December 2012**

Award No.	Project No.	Cost of assets and equipment as at 31 December 2011 (cumulative from project start date) (US\$)	Audit opinion on the Statement of Assets and Equipment	Total amount of qualification on the Statement of Assets and Equipment (US\$)	Total amount of Net Financial Impact (“NFI”) of qualification of audit opinion on the Statement of Assets and Equipment (US\$)
00061041	00077135	72,514	Unqualified	Nil	Nil

For KPMG Cambodia Ltd.



 By Craig McDonald
Audit Partner

Phnom Penh, Kingdom of Cambodia

5 April 2013



**UNITED NATIONS DEVELOPMENT PROGRAMME
CAMBODIA COUNTRY OFFICE**

AWARD ID 00061041

PROJECT ID 00077135

PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III

**PART 5
MANAGEMENT LETTER
FOR THE PERIOD FROM 1 JANUARY 2012 TO
31 DECEMBER 2012**



KPMG Cambodia Ltd
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Mrs. Nhean Sochetra
Project Manager
Partnership for Gender Equity – Phase III
Ministry of Women’s Affairs
Phnom Penh
Kingdom of Cambodia

5 April 2013

Excellency,

Management Letter – Audit for the period from 1 January 2012 to 31 December 2012

We have audited in accordance with International Standards on Auditing the statements of expenditures (CDR), cash position and assets and equipment (“the statements”) of the UNDP Award ID 00061041 and Project ID 00077135 – Partnership for Gender Equity – Phase III (“PGE” or “the Project”) for the period from 1 January 2012 to 31 December 2012, and have issued our report thereon dated 5 April 2013. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the statements, whether due to fraud or error. In making those risk assessments, we considered 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. Accordingly, we do not express an opinion on the effectiveness of the Project’s internal control.

The maintenance of adequate control designed to fulfill control objectives is the responsibility of management. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, controls found to be functioning at a point in time may later be found deficient because of the performance of those responsible for applying them, and there can be no assurance that controls currently in existence will prove to be adequate in the future as changes take place in the Project.

During our audit we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarised in the enclosed report.

Our audit procedures are designed primarily to enable us to form an opinion on the statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the Project gained during our work to make comments and suggestions that we hope will be useful to you.

Our findings are grouped into the following categories:

- High:** Action that is considered imperative to ensure that UNDP is not exposed to high risks (i.e. failure to take action could result in major consequences and issues).
- Medium:** Action that is considered necessary to avoid exposure to significant risks (i.e. failure to take action could result in significant consequences).
- Low:** Action that is considered desirable and should result in enhanced control or better value for money.



Our findings covered the following audit areas:

Audit area

1. Financial management;
2. Project progress and rate of delivery;
3. Procurement of goods and services;
4. Human resources selection and administration;
5. Management and use of equipment/inventory;
6. Record keeping systems and controls; and
7. Management structure.

Furthermore, our findings were also classified by possible causes as follows:

Causes

1. Lack of/or inadequate policies/procedures guidelines;
2. Lack of/or inadequate guidance/supervision at the project level;
3. Inadequate guidance/monitoring at UNDP country office level;
4. Lack of/or insufficient resources (specify: financial, human or, technical resources);
5. Inadequate planning;
6. Inadequate training;
7. Human error;
8. Intentional overriding of internal controls; and
9. Inadequate management structure.

We would be pleased to discuss these comments and recommendations with you at any time.

The Project’s written response to our comments and recommendations has not been subjected to the auditing procedures applied in the audit of the statements and, accordingly, we express no opinion on it.

This communication is intended solely for the information and use of UNDP and the Royal Government of Cambodia.

Yours sincerely



Craig McDonald
Audit Partner



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A. Summary of audit findings	Risk severity	Page
I Financial management		
1. Complying with Cambodian Law on Taxation	Low	34
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II Project progress and rate of delivery – no finding		
III Procurement of goods and services– no finding		
IV Human resources selection and administration – no finding		
V Management and use of equipment/inventory – no finding		
VI Record keeping systems and controls – no finding		
VII Management structure – no finding		
B. Appendix – Report on audit observations and recommendations		36



A. Summary of audit findings

1. Complying with Cambodian Law on Taxation

Risk: Low

Audit area: Financial management

Causes: Lack of/or inadequate policies/procedures guidelines

Observation

Tax in respect of the local consultant fees for translation services and rental fees was not withheld and remitted to the General Department of Taxation (“GDT”).

We noted that the lease agreements include a clause placing responsibility for the payments of all relevant tax on the rental payments to the landlord. However, these clauses do not fully discharge the Project’s responsibility for the tax payments. Should the landlord not pay the tax, Cambodian tax law makes the Project liable for payments.

Implication

The current taxation law may be inconsistently interpreted and applied by the General Department of Taxation and thus the risk that the Project would be claimed as being non-complied with local tax laws and regulations is existed. This could result in the imposition of penalties up to 40% of the unpaid tax together with interest accruing at the rate of 2% per month.

Recommendation

We recommend that specific tax ruling or clarification should be obtained from the GDT to confirm that withholding tax is not applicable for the Projects or non-profit orientation organisation.

Management’s response

The management agreed with the audit’s comments. The project team had some discussions with relevant informants to have detail information about preparation for the application of withholding tax as it requires further knowledge before putting it into practice.

CO’s response

UNDP acknowledged that there have been some progresses made by the project in dealing with the application of withholding tax. However, CO will work closely with project team to implement this observation for all payments (goods/services) pertaining to tax withholdings.



A. Summary of audit findings (continued)

2. Setting more realistic budget

Risk: Low

Audit area: Financial management

Causes: Inadequate guidance/monitoring at UNDP country office level

Observation

The budget is used as a monitoring tool to track performance of the Project; however certain expenditures were not comparable to the planned budget.

Implication

The Project's annual budget is not realistic. If the Project's management and staff try to work on unrealistic work plans, there is a risk that the quality of their work will be reduced in an attempt to deliver the work on time.

Recommendation

The Project's management should use their best estimates and experience to set a realistic budget based on work plans. Furthermore, the budget should be reviewed regularly and its bottom line should be revised if needed.

Management's response

In making a realistic budget plan, the project team reviewed and revised the annual budget plan regularly. However, a few external factors affected the budget plan/delivery e.g. delay in getting qualified consultant(s) on board, and new unplanned important workshop(s).

The project management, however, acknowledges the audit's finding.

CO's response

UNDP agrees with the project's response to the audit observation. As normal, budget adjustment would be carried out as necessary due to some possible changes in activities and its costing. However, the programme staff will work closely with the project team to monitor expenditures based on quarterly basis to ensure budget implementation is on track and in line with approved budget.

B. Report on audit observations and recommendations (Appendix)

Observation No.	Audit observations	Recommendations	Audit area	Audit cause	Risk severity	Project/CO Management Comments
1	<p>Complying with Cambodian Law on Taxation</p> <p>Tax in respect of local consultant fee for translation services and rental fee was not withheld and remitted to the General Department of Taxation ("GDT").</p>	<p>We recommend that specific tax ruling or clarification should be obtained from the GDT to confirm that withholding tax is not applicable for the Projects or non-profit orientation organisation.</p>	<p>Financial management</p>	<p>Lack of/or inadequate policies/procedures guidelines.</p>	<p>Low</p>	<p>Management's response: The management agreed with the audit's comments. The project team had some discussions with relevant informants to have detail information about preparation for the application of withholding tax as it requires further knowledge before putting it into practice.</p> <p>CO's response: UNDP acknowledged that there have been some progresses made by the project in dealing with the application of withholding tax. However, CO will work closely with project team to implement this observation for all payments (goods/services) pertaining to tax withholdings.</p>
2	<p>Setting more realistic budgets</p> <p>The budget is used as a monitoring tool to track performance of the Project, however certain expenditures were not comparable to the planned budget.</p>	<p>The Project's management should use their best estimates and experience to set a realistic budget based on work plans. Furthermore, the budget should be reviewed regularly and its bottom line should be revised if needed.</p>	<p>Financial management</p>	<p>Inadequate guidance/monitoring at UNDP country office level.</p>	<p>Low</p>	<p>Management's response: In making a realistic budget plan, the project team reviewed and revised the annual budget plan regularly. However, a few external factors affected the budget plan/delivery e.g. delay in getting qualified consultant(s) on board, and new unplanned important workshop(s).</p> <p>The project management, however, acknowledges the audit's finding.</p> <p>CO's response: UNDP agrees with the project's response to the audit observation. As normal, budget adjustment would be carried out as necessary due to some possible changes in activities and its costing. However, the programme staff will work closely with the project team to monitor expenditures based on quarterly basis to ensure budget implementation is on track and in line with approved budget.</p>

For KPMG Cambodia, Ltd.



By Craig McDonald
Audit Partner

Phnom Penh, Kingdom of Cambodia

5 April 2013

**UNITED NATIONS DEVELOPMENT PROGRAMME
CAMBODIA COUNTRY OFFICE**

**AWARD ID 00061041
PROJECT ID 00077135
PARTNERSHIP FOR GENDER EQUITY (PGE) – PHASE III**

**PART 6
STATUS OF THE PREVIOUS YEAR'S AUDIT RECOMMENDATIONS
FOR THE PERIOD FROM 1 JANUARY 2012 TO 31 DECEMBER 2012**

Status of the previous year's audit recommendations

No	Award No	00061041		00077135		Opinion Type:							
		Observation	Recommendations	Audit Area	Audit Cause	Risk Severity	Project's comments	Action(s) Planned	Target impl. date	Action Unit	Person resp. For action	Updated status	Actual impl. date
1	Complying with Cambodian Law on Taxation <i>Observation</i> Tax in respect of local consultant fee for translation services and rental fee was not withheld and remitted to the General Department of Taxation ("GDT").	Management should review all payments subject to withholding tax and ensure that the withholding tax is deducted and paid to the General Department of Taxation ("GDT") to avoid possible penalties being imposed on the Project.	Financial management	Lack of/or inadequate policies/procedures guidelines	Low	<p>Project's response:</p> <p>As mentioned in the contract, individual contract holder would be solely responsible for payment tax from their services income. Therefore, the Project will ensure and remind the consultant that in 2012 the withholding tax is deducted from their income and paid to the General Department of Taxation ("GDT").</p> <p>CO's response:</p> <p>As contracts issued by the IPs, the CO will communicate to the IPs that IP shall remind all contract holders recruited about their obligation to pay tax to the government as per the government tax law.</p>	The Project will ensure and remind the consultant in 2012 the withholding tax is deducted from their income and paid to the General Department of Taxation ("GDT").	31 Dec 12	Project Management	Project Management	Not implemented	2012	Refer to management letter, item#1.

Status of the previous year's audit recommendations (continued)

Obs No	Award No	60061041	Project No		00077135				Opinion Type:						
			Audit Area	Audit Cause	Risk Severity	Project's comments	Action(s) Planned	Target impl. date	Action Unit	Person resp. For action	Updated status	Actual impl. date	Description of status update		
2	Setting more realistic budgets	Observation	The budget is used as a monitoring tool to track performance of the Project, however certain expenditures were not comparable to the planned budget	The Project's management should use their best estimates and experience to set a realistic budget based on work. Furthermore, the budget should be reviewed regularly and its bottom line should be revised if needed.	Financial management	Inadequate guidance/monitoring at UNDP country office level.	Low	<p><i>Project's response:</i></p> <p>We agree with the recommendation made by the Auditor. Due to the staff movement over the three quarters, the new recruited staff was not yet budget plan. However, the Project team will continue to improve its budget plan to be more realistic.</p> <p><i>CO's response:</i></p> <p>We agree and accept the Auditor recommendations and the program staff will regularly monitor expenditures based on quarterly basis to ensure budget implementation is on track and in line with approved budget.</p>	The Project will continue to improve its budget plan to be more realistic.	31 Dec 12	Project Management	Project Management	Partially implemented	2012	Refer to management letter, item#2.

Status of the previous year's audit recommendations (continued)

Obs No	Award No	00061041		00077135		Opinion Type:				Description of status update				
		Observation	Recommendations	Audit Area	Audit Cause	Risk Severity	Project's comments	Action(s) Planned	Target impl. date		Action Unit	Person resp. For action	Updated status	Actual impl. date
3		<p>Complying with the National Implementation Modality guidelines</p> <p><i>Observation</i></p> <p>We noted the following non-compliance with the National Implementation Modality guidelines:</p> <ul style="list-style-type: none"> • Advance liquidation form was not used for the advance clearance by the Project; and • The Project's petty cash balance was not nil at year end. According to the National Implementation Modality guidelines, for any funds remaining in the petty cash float, an official receipt must be prepared to reduce the petty cash balance in the general ledger to be nil at the year end. 	<p>Non-compliance with the National Implementation Modality guidelines may result in delay or discontinuance of funding by the donor.</p>	<p>Financial management</p>	<p>Lack of/ or inadequate guidance/ supervision at the Project level.</p>	<p>Low</p>	<p><i>Project's response:</i></p> <p>We agree with the Auditor finding and the Project will follow the recommendation. The Project team continues to cooperate with the CO staff to follow the NIM guideline.</p> <p><i>CO's response:</i></p> <p>We agree with the audit recommendation. The Program Assurance will provide necessary coaching and refresher training for particular financial management to the Project Finance Officer.</p>	<p>The Project team continues to cooperate with the CO staff to follow the NIM guideline.</p>	<p>31 Dec 12</p>	<p>Project Management</p>	<p>Project Management</p>	<p>Fully implemented</p>	<p>2012</p>	<p>Implemented.</p>

Status of the previous year's audit recommendations (continued)

Obs No	Award No	Project No	00077135		Opinion Type:		Unqualified			Description of status update				
			Recommendations	Audit Area	Audit Cause	Risk Severity	Project's comments	Action(s) Planned	Target impl. date		Action Unit	Person resp. For action	Updated status	Actual impl. date
4	00061041		<p>Observation</p> <p>A reconciliation of the non-expendable equipment listing to the general ledger</p> <p><i>Observation</i></p> <p>A reconciliation of the non-expendable equipment listing was not performed by the Project. As a result, the non-expendable equipment listing was not reconciled to the expenditure in the general ledger.</p>	<p>Management and use of equipment/inventory</p>	<p>Lack of/inadequate guideline/ supervision at the project level.</p>	<p>Low</p>	<p><i>Project's response:</i></p> <p>The Project will follow the recommendation of the Auditor.</p> <p><i>CO's response:</i></p> <p>CO will provide advice directly to Project Administration and Finance Officers on inventory management and review.</p>	<p>The Project will follow the recommendation of the Auditor.</p>	<p>31 Dec 12</p>	<p>Project Management</p>	<p>Project Management</p>	<p>Fully implemented</p>	<p>2012</p>	<p>Implemented.</p>

Implementing Partner

Name: Ms. Nhean Socheatra
Position: Project Manager

5 April 2013

UNDP Country Office

Name: Heng Sokha
Position:

5 April 2013

For KPMG Cambodia Ltd.