



INDEPENDENT AUDITOR'S REPORT AND MANAGEMENT LETTER FOR THE YEARS ENDED 31 DECEMBER 2018

UNDP NIM PROJECT ATLAS NO: 00095862

"Support to Development of a Policy Framework on Total Factor Productivity (TFP)"

(The project name is abbreviated as "Total Factor Productivity" that will be duly used throughout the report)





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EXECUTIVE SUMMARY

Rehber Consulting conducted the financial audit of "Total Factor Productivity" Project (Project ID: 00089747 and Output: 00095862) directly implemented by UNDP Turkey for the years ended 31 December 2018.

We have issued audit opinions as summarized in the table below and as detailed in the next section:

Statement of Expenditure Unmodified (Clean)

Statement of Assets and Equipment Unmodified (Clean)

Statement of Cash Position Unmodified (Clean)

We have not raised any findings as a result of our audit.

We reviewed prior year audit report and observed that there is no any modified opinion, which would have the possible effect on our audit opinion that has not been properly corrected or resolved.

Date of issuance: 29 March 2019 **Team Leader's Name:** Mahir Güney

Team Leader's Signature:

Auditor's Address:

Rehber Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. Turan Güneş Bulvarı Galip Erdem Cad. No:43 06550 Yıldızevler - Çankaya / ANKARA

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Independent Auditor's Report to:

The National Project Director and The Resident Representative

I. INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF EXPENSES (UNDP CDR)

REPORT OF THE INDEPENDENT AUDITORS TO UNDP ("Total Factor Productivity")

We have audited the accompanying Statement of Expenses ("the statement") of "Total Factor Productivity" Project (Project ID: 00089747 and Output: 00095862) for the periods 1 January 2018 to 31 December 2018.

In our opinion, the attached statement of expenses present fairly, in all material respects, the expenses of \$ 1,105,606.25 for the period 1 January to 31 December 2018 incurred by the "Total Factor Productivity" Project in accordance with agreed upon 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. In accordance with ToR (Terms of Reference), our scope did not include expenses incurred by UNDP as part of support services or by UN Agencies including the reimbursements for support services and facilities and admin implementation services amounting to \$ 104,098.85 for year 2018.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the statement of expenses section of our report. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management is responsible for the preparation and fair representation of the statement for "Total Factor Productivity" 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 objectives are to obtain reasonable assurance about whether the statement of expenses is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not





a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISAs, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the statement of expenses, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit. This is a special purpose and confidential report.

Date of issuance: 29 March 2019 Team Leader's Name: Mahir Güney

Senior Auditor's Name: Ahmet Özkalkan

Senior Auditor's Signature:

Team Leader's Signature:

Auditor's Address:

Rehber Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. Turan Güneş Bulvarı Galip Erdem Cad. No:43 06550 Yıldızevler - Çankaya / ANKARA

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II. INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF ASSETS AND EQUIPMENT

We have audited the accompanying statement of assets and equipment ("the statement") and title transfer agreement of "Total Factor Productivity" Project (Project ID: 00089747 and Output: 00095862) as at 31 December 2018.

In our opinion, the accompanying statement of assets and equipment with \$ 0.00 balance present fairly, in all material respects, the assets and equipment status of "Total Factor Productivity" Project as at 31 December 2018 in accordance with agreed upon accounting policies.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the statement of assets and equipment. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management is responsible for the preparation of the statement of assets and equipment of the "Total Factor Productivity" project and for such internal control as management determines is necessary to enable the preparation of a statement of assets and equipment that is free from material misstatement, whether due to fraud or error.

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

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

- Identified and assessed the risks of material misstatement of the statement of assets and equipment, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.





We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Date of issuance: 29 March 2019 **Team Leader's Name:** Mahir Güney

Team Leader's Signature: M.

Senior Auditor's Name: Ahmet Özkalkan

Senior Auditor's Signature: Wener & Stocked

Auditor's Address:

Rehber Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. Turan Güneş Bulvarı Galip Erdem Cad. No:43 06550

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III. INDEPENDENT AUDITOR'S REPORT ON STATEMENT OF CASH POSITION

We have audited the accompanying statement of cash position ("the statement") of the "Total Factor Productivity" Project (Project ID: 00075917 and Output: 00095862) as at 31 December 2018.

In our opinion, the accompanying statement of cash position present fairly, in all material respects, the cash and bank balance of the project "Total Factor Productivity" Project amounting to \$ 144,835.79 as at 31 December 2018 in accordance with agreed upon accounting policies.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the auditor's responsibilities for the audit of the statement of cash position section of our report. We are independent of UNDP in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with this code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management is responsible for the preparation and fair representation of the statement for "Total Factor Productivity" 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 objectives are to obtain reasonable assurance about whether the statement of cash position is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these documents.

As part of an audit in accordance with ISAs, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the statement of cash position, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.





We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we have identified during our audit.

Date of issuance: 29 March 2019 **Team Leader's Name:** Mahir Güney

Team Leader's Signature: M.

Senior Auditor's Name: Ahmet Özkalkan

Senior Auditor's Signature:

Auditor's Address:

Rehber Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. Turan Güneş Bulvarı Galip Erdem Cad. No:43 06550

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INDEPENDENT AUDITOR'S REPORT AND MANAGEMENT LETTER UNDP NIM Project ATLAS No: 00095862

"Total Factor Productivity" Project For the years ended 31 December 2018

1. BACKGROUND OF THE PROJECT

Description and Objectives of the "Total Factor Productivity" Project

The "Total Factor Productivity" Project aims to produce a policy framework, which is shaped by a forward-looking analysis, based on economic convergence scenarios, and which at the same time takes into account the fundamental differences between manufacturing industries in terms of Total Factor Productivity (TFP) constraints. Specific objective of the project is to improve the institutional capacities to formulate and implement sector policies and strategies that contribute to national competitiveness. The estimated results for the project are;

- 1. Factors limiting Total Factor Productivity in Turkey identified.
- 2. A macro-level policy framework that would boost total factor productivity developed and operationalized

Project Start Year: 01 September 2015Project End Year: 31 December 2018

Award Total: EUR 2.975.411,30 (USD 3,269,683.00)

Donor: European Union

Main Implementing Partners:

Implementing Partner: The Ministry of Development (MoD)

Implementing Agency: United Nations Development Programme (UNDP)

2. CURRENT STATUS OF THE PROJECT

Project was closed as at 11 November 2018.

3. CONTACT & LOCATION INFORMATION FOR THE PROJECT

National Project Coordinator: Mine Ergün Bakdur - Head of Economic Modelling

Address: Department, Ministry of Development

Kalkınma Bakanlığı

Ekonomik Modeller ve Stratejik Araştırmalar Genel

Müdürlüğü

Yücetepe Mah. Necatibey Cad. No: 110 Çankaya,

Ankara

Telephone: +90 312 294 60 16

e-mail: mine.ergunbakdur@kalkınma.gov.tr

UNDP Portfolio Manager: Pelin Rodoplu

Address: Yıldız Kule, Yukarı Dikmen Mahallesi, Turan Güneş





Bulvarı, No: 106 06550 Çankaya, Ankara/Turkey

Telephone: +90 312 454 10 61 **E-mail:** pelin.rodoplu@undp.org

UNDP Portfolio Administrator: Burak Eldem

Address: Yıldız Kule, Yukarı Dikmen Mahallesi, Turan Güneş

Bulvarı, No: 106 06550 Çankaya, Ankara/Turkey

Telephone: +90 312 454 10 59 **E-mail:** burak.eldem@undp.org

4. THE OBJECTIVE and SCOPE OF THE AUDIT

United Nations Development Programme ("UNDP") engaged the services of REHBER CONSULTING to audit its NGO/NIM Projects for **2018**. We are delighted to submit this management letter and audit report as we complete the audit of the "**Total Factor Productivity**" Project in accordance with the Terms of Reference agreed with the United Nations Development Programme.

The overarching objective of the audit exercise is to provide UNDP with reasonable assurance as to whether the resources are being properly managed and used. The audit did not cover an audit on the effectiveness of the output of the Implementing Partner (IP) nor the effectiveness of the project outputs of the Responsible Parties (RPs) under the IP.

Our audit was in accordance with the ISA Standards on Auditing. We performed for transactions covering **January 1 to December 31, 2018**. An audit of the project and Implementing Partner of United Nations Development Programme (UNDP) for its governance portfolio the "**Total Factor Productivity**" Project was performed **from February 27 to March 30, 2018** and covered the following:

- The UNDP Statement of Expenses (CDR) for the period January 1 to December 31, 2018; (Annex-I)
- The UNDP Statement of Assets and Equipment as at December 31, 2018 (Annex-II)
- The Statement of Cash Position reported by the project as at December 31, 2018 (Annex-III)

The scope of the audit was limited to the Implementing Partner's expenses during calendar year 2018 which are defined to include (1) all disbursements listed in the quarterly financial reports submitted by the Implementing Partner and (2) the direct payments processed by UNDP at the request of the Implementing Partner. In accordance with ToR (Terms of Reference), our scope did not include expenses incurred by UNDP as part of support services or by UN Agencies including the reimbursements for support services and facilities and admin implementation services amounting to \$ 104,098.85 for year 2018.

UNDP provided the classifications of audit opinions, as follows:

Unmodified (Clean) Opinion

An unmodified opinion should be expressed when the auditor concludes that the financial





statements give a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework.

An unmodified opinion indicates implicitly that any changes in accounting policies or in the method of their application, and the effects thereof, have been properly determined and disclosed in the financial statements.

Qualified Opinion

The auditor expresses a qualified opinion when (a) The auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material but not pervasive, to the financial statements; or (b) The auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be material but not pervasive.

Disclaimer of Opinion

The auditor disclaims an opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial statements of undetected misstatements, if any, could be both material and pervasive.

The auditor shall disclaim an opinion when, in extremely rare circumstances involving multiple uncertainties, the auditor concludes that, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial statements due to potential interaction of the uncertainties and their possible cumulative effect on the financial statements.

Adverse Opinion

The auditor shall express an adverse opinion when, having obtained sufficient appropriate audit evidence, s/he concludes the misstatements, individually or in the aggregate, are both material and pervasive to the financial statements.

5. THE AUDIT PROCEDURES

The audit comprised tests, cross controls and other procedures on accounting documents, accounting policies, expense-related invoices, and disbursement receipts pertaining to banking transactions, all of which are always regarded a vital part of obtaining reasonable level of assurance.

Audit strategy is directed to the gathering of relevant and reliable audit evidence in order to substantiate the expression of an opinion on the accounts. The auditor evaluates whether the information presented is logical and reasonable. Auditing procedures are observing assets to verify existence and amount (e.g. fixed assets), collecting independent confirmations from external parties, evaluating internal control, appraising management's activities, and obtaining management representations.

In addition, meeting and discussions were held with the project support associates about management and accountability issues of the project in order to inquire whether project handling was in line with the project document to the extent of testing performed based on samples selected.





a. Audit of Expenses (CDR)

We verified the mathematical accuracy of the CDR for "Total Factor Productivity" Project by ensuring that the expenses described in the supporting documentation (the quarterly financial reports, the list of direct payments processed by UNDP at the request of the government, the list of disbursements made by UNDP as part of support services, and the UNDP agency expenses statement) are reconciled to the expenses, by disbursing source, in the CDR. Samples were selected from CDR detail, based on the ABC method and threshold level determined for the project. Associated vouchers are traced to supporting documentation for proper booking and compliance with UNDP guidance. Further, payments of expenses were traced to bank statements for verification and checked whether disbursements were supported by adequate documentation.

Additionally, compliance with project budget, project document and Annual Work Plan (AWP) were checked for each sample by comparing the expense type against the aforementioned documents and through inquiry.

b. Audit of Assets and Equipment

All Assets and Equipment used and controlled by UNDP, regardless of their value, must be managed appropriately in compliance with the UNDP Financial Regulations and Rules. These guidelines, together with the Internal Control Framework (ICF) and the principles set for by the relevant POPPs on Property, Plant and Equipment (PP&E), establish the procedures and systems that facilitate compliance with International Public Sector Accounting Standards (IPSAS), as well as with accurate reporting. Such compliance includes periodic verification of the existence of assets; assessing assets for impairment; reconciling physical verification results to the records; as well as internal controls and checks to ensure completeness and accuracy of records and transfer of assets.

We audited the use and control of non-expendable equipment based on this framework through the List of Assets and Equipment (A&E) as at 31 December 2018 for "Total Factor Productivity" Project. All items, if any, listed traced back to the CDR detail to verify whether they were expensed as incurred. Subsequently, expense detail was investigated for any A&E purchases. It was checked whether the selection made from the CDR detail has been included within the A&E detail. We verified that to the extent of samples selected, whether procurement procedures were in line with the UNDP Procurement Guidance. We also checked the compatibility of transfer of title of assets with the related POPPs.

c. Audit of Cash Position

The Statement of Cash Position for the "Total Factor Productivity" Project was provided by UNDP for determination of cash positions as at 31 December 2018. This report outlines the beginning, period-in transactions (receipts and disbursements) and the project's ending net cash balance. Samples of disbursements were selected based on the threshold level determined for the project from "Statement of Cash Position". Beginning cash balance was agreed either to previous year audit report or to prior year ending balance through the use of the ATLAS accounting system. Based on the testing performed, no exceptions have been noted. Our verification of opening and ending cash balances and selected samples regarding UNDP contributions is based solely on the reported financial data (i.e. on cash availability) derived from UNDP's corporate management system, ATLAS. However, cash balances for





the amounts held in ATLAS system could not be verified through individual bank confirmations since none of the projects audited operate through project based individual bank account.





6. MANAGEMENT LETTER

We have audited UNDP "Total Factor Productivity" Project's Statement of Expenses (CDRs) for the periods of January 1 to December 31, 2018, Statement of Assets and Equipment and Statement of Cash Position reported by the project as at 31 December 2018 and issued our report on March 29, 2019.

a. Review of the Prior Year Audit Report

We reviewed prior year audit report and observed that there is no any modified opinion, which will have the possible effect that has not been properly corrected or resolved.

b. Review of the Project Progress

Our review of the project progress was based on supporting documentation, contracts and progress reports. While reviewing the project progress, REHBER CONSULTING focused on checking whether project outputs as defined in the approved project document were achieved. Project outputs are produced through a set of activities. The plan to achieve results for a given year is articulated in the Annual Work Plan (AWP). Based on the review of the various project documents such as annual and quarterly work plans, annual financial reports, request for direct payments, Annual Project Reports and per discussions held with the project associates, limited to the extent of samples selected, nothing significant has come to REHBER CONSULTING's attention to conclude that the project was not monitored as determined in the project documents; that financial resources and accounting were not monitored to assess reliability of financial reports; that project progress reports (progress against planned activities), annual review reports, AWP, as well as quarterly plans were not prepared and submitted on time.

c. Assessment of the Project's Internal Control System

Review of the Process for Direct Payment Requests of Implementing Partner

Requests for Direct Payment made by the Implementing Partner were reviewed and it was determined that they were in accordance with project document, AWP and budgets, and are in compliance with the UNDP POPP on Results and Accountability.

• Review of the Process for Procurement/Contracting Activities

As per the UNDP Financial Regulations and Rules, the following general principles must be taken into consideration for procurement procedures: (1) best value for money, (2) fairness, integrity, transparency, (3) effective competition, (4) the interest of UNDP. The Implementing Partner may follow its own procurement procedures provided that they conform to the above principles. The institution may alternatively apply UNDP practices. To the extent of samples selected and based on the audit procedures performed, REHBER CONSULTING was able to assess that the procurement thresholds were met; approvals of contracts and purchase orders were obtained. Competitive bidding was exercised for expenses over \$5,000. The disbursements were made in accordance with the activities and budgets of the project document and were supported by adequate documentation. Procurement activities within the scope of the project were fulfilled competitively, transparently and effectively. Our work in the area of procurement also covered the use of consulting firms and the adequacy of





procedures to obtain fully qualified and experienced personnel and assessment of their work before final payment is made. In all cases, the performance of such firms and freelance consultants were assessed by qualified personnel, including the staff of the Implementing Partner, before the final payments. Limited to the extent of testing performed; REHBER CONSULTING concluded that the procurement activities were transparent and competitive in all material respects in order to ensure that the equipment and services purchased met the requirements of UNDP.

• Review of the HR Process

We noted that recruitment and hiring of the project personnel and consultants (i.e. short-term experts) have been conducted competitively, effectively and transparently in accordance with review and testing of selected personnel's recruitment processes based on our sampling. The fulltime project staff has been recruited competitively and transparently, involving the Implementing Partner. The consultants (i.e. short-term experts) have been mobilized transparently by reviewing project's expert pool, which has been developed through public announcements and maintained all throughout the project. The government counterpart (i.e. the Implementing Partner) was also involved in the process of performance appraisals for the fulltime project staff. The internal control framework functioned efficiently in terms of calculation of salaries and entitlements, payroll preparation and payments, and management of personnel records.

• Review of the Finance

Accounting and financial operations and reporting systems of the Project were adequate. These included budget control, cash management, certification and approving authority, receipt of funds, and disbursement of funds, recording of all financial transactions in expense reports, and records maintenance and control. Expenses paid by the UNDP under the Request for Direct Payment NIM modality for the project are accurate in all material respects, supported by adequate documentation, UNDP regulations and the project documents.

Review of the Asset and Equipment Management

All Assets and Equipment used and controlled by UNDP were managed appropriately in compliance with the UNDP Financial Regulations and Rules, the Internal Control Framework (ICF) and the principles set forth by the relevant POPPs on Property, Plant and Equipment (PP&E). We observed that the title of assets or equipment procured by UNDP at a total cost of \$ 64,582.23 with project funds in 2018 were transferred to Implementing Partner as per the conditions of the Agreement and in line with the relevant POPPs on transfer of assets and equipment to implementing partner. Besides, the title of an intangible asset (Acrobat Professional 2017 17.0 MLP A00 License TR (65280351) software) procured by UNDP at a total cost of \$ 720.78 in 2018 with project funds was transferred from "Total Factor Productivity" Project to UNDP Management through Asset Transfer-in/Transfer-out Form to use it for winding up period of "Total Factor Productivity" Project. (Annex- IV)

Review of the Cash Management

No weaknesses have been observed in terms of cash management of the project funds. Project funds are reserved as USD in bank account of the headquarter. The project does not hold any





cash. In case of necessary disbursements, the required amount is transferred to national account of UNDP Turkey. Payments are made with the UN monthly rate.

General Administration

Our work covered review of travel activities, vehicle management, and management of office premises and lease management, office communications, IT systems and records maintenance.

With review and testing of selected transactions processes based on our sampling, we concluded that;

- Travel activities have been carried out and recorded in accordance with UNDP rules and regulations.
- Formal communications have been recorded and filed,
- The project management office at UNDP holds copies of all mission critical documentation.

We appreciate the courteous and professional assistance that UNDP Turkey Office's personnel extended to us during our audits. We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of UNDP, Implementing Partner and the donor and is not intended to be and should not be used by anyone other than these specified parties.

Date of issuance: 29 March 2019 **Team Leader's Name:** Mahir Güney

Team Leader's Signature:

Auditor's Address:

Rehber Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. Turan Güneş Bulvarı Galip Erdem Cad. No:43 06550

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ANNEX-I: THE STATEMENT OF EXPENSES

Combined Delivery Report By Project

UN Development Programme
Report ID: unglcdrp

Page 1 of 3 Run Time: 05-02-2019 07:02:02

Selection Criteria:

Business Unit: TUR10
Period: Jan-Dec (2018)
Selected Project Id: ALL
Selected Fund Code: ALL
Selected Dept. IDs: ALL

Selected Outputs :

Total

Total

Total

Project Id: 00089747 Support to Development of a Po Output #: 00095862 Support policy framework

00095862

Period : Impl. Partner :

Jan-Dec (2018)

03119 Ministry of Development UNDP-TURKEY

Location:

Govt Exp **UNDP** Exp **UN Agencies Exp**

Total Exp

Dept: 57810 (Turkey - Finance)

Fund: 30079 (EUROPEAN COMMISSION)

71205 - Intl Consultants-Sht Term-Tech	0.00	63,036.00	0.00	63,036.00
71305 - Local ConsultSht Term-Tech	0.00	349,298.02	0.00	349,298.02
71405 - Service Contracts-Individuals	0.00	94,854.31	0.00	94,854.31
71410 - MAIP Premium SC	0.00	109.85	0.00	109.85
71415 - Contribution to Security SC	0.00	4,668.65	0.00	4,668.65
71605 - Travel Tickets-International	0.00	454.48	0.00	454.48
71610 - Travel Tickets-Local	0.00	5,221.70	0.00	5,221.70
71615 - Daily Subsistence Allow-Intl	0.00	1,534.53	0.00	1,534.53
71620 - Daily Subsistence Allow-Local	0.00	8,804.00	0.00	8,804.00
71635 - Travel - Other	0.00	5,574.81	0.00	5,574.81
72105 - Svc Co-Construction & Engineer	0.00	5,273.65	0.00	5,273.65
72140 - Svc Co-Information Technology	0.00	1,600.00	0.00	1,600.00
72510 - Publications	0.00	221.76	0.00	221.76
72810 - Acquis of Computer Software	0.00	61,653.02	0.00	61,653.02
74110 - Audit Fees	0.00	1,570.00	0.00	1,570.00
74210 - Printing and Publications	0.00	30,412.04	0.00	30,412.04
74220 - Translation Costs	0.00	9,079.39	0.00	9,079.39
74225 - Other Media Costs	0.00	2,382.08	0.00	2,382.08
74525 - Sundry	0.00	16.68	0.00	16.68
74596 - Services to projects -GOE	0.00	31,538.08	0.00	31,538.08
74725 - Other L.T.S.H.	0.00	14.68	0.00	14.68
75105 - Facilities & Admin - Implement	0.00	72,560.77	0.00	72,560.77
75705 - Learning costs	0.00	359,264.76	0.00	359,264.76
76125 - Realized Loss	0.00	743.95	0.00	743.95
76135 - Realized Gain	0.00	- 4,280.96	0.00	- 4,280.96
l for Fund 30079	0.00	1,105,606.25	0.00	1,105,606.25
I for Dept: 57810	0.00	1,105,606.25	0.00	1,105,606.25
l for Output: 00095862	0.00	1,105,606.25	0.00	1.105.606.25

Project Total :	0.00	1,105,606.25	0.00	1,105,606.25
Signed By : Signed By : Ek	e ERGUN BAKDUR onomik Modelleme Dairesi Başkanı	7	ate:	PURPOSES ONLY

7 pm

Combined Delivery Report By Project

UNDP UN Development Programme
Report ID: unglcdrp

Page 2 of 3 Run Time: 05-02-2019 07:02:02

Selection Criteria:

Project Id: ALL Output #: ALL

Business Unit: TUR10
Period: Jan-Dec (2018)
Selected Project Id: ALL
Selected Fund Code: ALL
Selected Dept. IDs: ALL
Selected Outputs: 00095862

Jan-Dec (2018)

Period : Impl. Partner : Location:

Govt Exp UNDP Exp **UN Agencies Exp** Total Exp

57810 - Turkey - Finance

0.00 1,105,606.25

0.00

1,105,606.25

pm

Combined Delivery Report By Project

UN
DP UN Development Programme
Report ID: unglcdrp

Page 3 of 3 Run Time: 05-02-2019 07:02:04

Funds Utilization

Selection Criteria:

Business Unit: TUR10
Period: Jan-Dec (2018)
Selected Project Id: ALL
Selected Fund Code: ALL
Selected Dept. IDs: ALL
Selected Outputs: 00095862

Project/Award: 00089747 Support to Development of a Po

Period : As at Dec 31, 2018

utput # 00095862 Impl. Partner :03119 Ministry of Development	UNDP AMOUNT
Outstanding NEX advances	0.00
Undepreciated Fixed Assets	0.00
Unamortized Intangible Assets	0.00
Inventory	0.00
Prepayments	0.00
Commitments	0.00

7 pm





ANNEX-II: THE STATEMENT OF ASSETS AND EQUIPMENT

	Statement of Assets and Equipment (below \$ 1500
	as at 31 December 2018
UNDP Country (UNDP Country Office: TURKEY
Project title: SU	Project title: SUPPORT TO DEVELOPMENT OF POLICY FRAMEWORK ON TOTAL FACTOR PRODUCTIVITY
Project No:	95862
Output No:	95862
Period covered	Period covered from inception of project: 01 January 2018 to 31 December 2018

	MANIFACTIRER	STATE OF STA				
	CONDITION RESPONS. PERSON/ENTITY ITEM LOCATION					
	PROJECT No. FUND CON			217	000	
"attractive items"	ITEM DESCRIPTION (make and model)		100		7	
	ACQUISITION I'DATE					
	AG NO.					

Signed by: signature
Name:
Title: UNDP.CD or.DCD*
Date:

Nine ERGIN BAKAPE Ekonomik Modellerin Dairesi Baskanı Certified by: signature Name:
Title: Senior Partner
Name of the Audit Firm:
Date:

REHBER CONSULTING STAMPED FOR IDENTIFICATION

Statement of Assets and Equipment (over) 1500)
as at 31 December 2018
UNDP Country Office: TURKEY
Project title: SUPPORT TO DEVELOPMENT OF POLICY FRAMEWORK ON TOTAL FACTOR PRODUCTIVITY
Project No: 95862
Output No: 95862
Period covered from inception of project: 01 January 2018 to 31 December 2018

		attractive items							
ON S	ACQUISITION DATE	ITEM DESCRIPTION (make	Con		STATE OF STA				
			PROJECT NO. FUND	CONDITION	CONDITION RESPONS. PERSONIENTITY ITEM LOCATION	ITEM LOCATION	MANUFACTURER US\$ VALUE SERIAL NO.	US\$ VALUE	SERIAL NO
	1014	4001	070						
	1		272						

REMARKS

Signed by: signature
Name:
Title: UNDP CD or DCD
Date:

Certified by: signature Name:
Title: Senior Partner Name of the Audit Firm:
Date:

Mind ERGIN BAKANA Ekonomik Modelleme Dairesi Başkanı

REHBER CONSULTING STAMPED FOR IDENTIFICATION





ANNEX-III: THE STATEMENT OF CASH POSITION

Statement of Cash Position

as at 31 December 2018

Country Office	: TURKEY
Project title	: 00095862 Support policy framework
Award ID	: 00089747 Support to Development of a Policy Framework on TFP
Period covered	: 01/01/2018 - 31/12/2018

		Amount
		USD
A	Opening Fund Balance as of 01 January 2018	
	Cash in hand	
	Bank / Available Cash Limit	1,250,442.04
	Sub Total	1,250,442.04
В	Advance/Deposit Received from/by UNDP during 2018	-
С	Total Funds Available(A+B) for 2018	1,250,442.04
D	Payments/Expenditure for 2018	1,105,606.25
E	Fund Utilization not Recorded as Expense during 2018	
	Outstanding NEX Advances	
	Undepreciated Fixed Assets	
	Inventory	_
	Prepayments	
	Commitments	(34,872.99)
F	Closing Fund Balance as of 31 December 2018 (C-D-E)	144,835.79
G	Closing Balance represented by:	
	Cash in hand	_
	Bank / Available Cash Limit	144,835.79
	Total	144,835.79

B.S 15/3/19

Signed by:

Name:

Organization:

Title:

Date:

Signed by:

Name: Sukhrob Khojimatov

Organization: United Nations Development Programme

Title: Deputy Country Director

Date:

Certified by:

Name:

Title:

Name of the Audit Firm:

Date:

For audit purposes

Mine ERGÜN BAKDUR Ekonomik Modelleme

Ekonomik Modelleme REHBER Dairesi Başkanı

CONSULTING STAMPED FOR IDENTIFICATION PURPOSES ONLY

purposes only
Date: 29/3 / 19 mitial: M.G.





ANNEX-IV: THE TRANSFERS OF TITLES OF ASSETS



TRANSFER OF TITLE OF ASSETS FROM THE UNITED NATIONS DEVELOPMENT PROGRAMME TO THE GOVERNMENT OF TURKEY

THIS AGREEMENT made this 11th day of November, 2018, by and between the United Nations Development Programme (hereinafter referred to as "UNDP"), for the transfer to and the Government of Turkey (hereinafter referred to as the "Government"), accepts full title and ownership of assets as specified in the attached supplies and equipment list, hereto as Annex I at a total cost of USD 64,582.23. Explanation regarding the transfer of business intelligence software is enclosed in Annex II.

The assets transferred represent assistance of UNDP to the Government to facilitate Inclusive and Sustainable Growth in Turkey, with Support to Development of a Policy Framework on Total Factor Productivity Project, DOGER/SDPF/TR2013/0740.10-10.02/GRA/003 (hereinafter referred to as "Project"), undertaken in Turkey. The transfer of title is limited to the use of such assets solely for the stated purposes of the Project in the manner and place as set out in the Project Document, hereto as Annex II, and subject to further limitations contained therein.

The transfer of such assets must be affected in compliance with UNDP Financial Rules and Regulations, the Procurement Manual and the Asset Management Guidelines.

IN WITNESS WHEREOF, UNDP and the Government, through their duly authorized representatives, have signed this Agreement:

ACCEPTED:

FOR THE GOVERNMENT:

Name: Mine Ergün Bakdur

Title: Head of Department

Date: 11.11.2018

ACCEPTED:

FOR UNDP:

Name: Sukhrob Khojimatov

Title: Deputy Country Director

Date: 11.11.2018

TRANSFERRED ASSETS _95862_11.11.2018

FUNDING SOURCE	GOVERNMENT OF TURKEY	GOVERNMENT OF TURKEY
CURR.	TRY	TRY
COST	60.932,23	3.650,00
INVOICE	794944	924445
ACQUISITION DATE	09.11.2018	12.09.2017
LOCATION	Ankara/ istanbul	Ankara
MODEL	N/A	N/A
SERIAL /TAG NUMBER	N/A	59WF9H2
TINO	1	н
DESCRIPTION MANUFACTURER	Bilişim Bilişim ve Yazılım Sistemleri San. ve Tic. A.Ş.	NGN Bilgi ve İletişim Hizmetleri Tic. A.Ş.
DESCRIPTION	Software (BI Tool License)	IT Equipment (Dell Precision M7720-E3- 1535Mv616G)
PROFILE	Business Intelligence tool	Mobile Work Station
ASSET	1	2

United Nations Development Programme



ANNEX II: EXPLANATION ON THE TRANSFER OF BUSINESS INTELLIGENCE TOOL

Within the scope of "Support to Development of a Policy Framework on Total Factor Productivity" Project, under the Computerized Tool Component, Project Management Unit prepared a computerization strategy to ensure the sustainability of the action. The goals of computerization strategy were determined as to support the sustainability of the survey system which enabled the decision makers to give evidence-based productivity policy decisions; to provide tools for informed decision making in several layers of the Project and its stakeholders and to enable data collection from different stakeholders for instant or future use in decision making.

As the second component of the computerization strategy and based on the need analysis that were conducted with the relevant stakeholders (Development Agencies, Chamber of Industries, IHKIB, etc), it was decided to purchase a Business Intelligence Tool as a decision-making support system for relevant stakeholders.

After a competitive process in line with UNDP Procurement rules, Business Intelligence Software was purchased on 9 November 2018 as a decision-making support system for relevant stakeholders and as an extension tool for TFP analysis to evaluate the results of the productivity related data set or any dataset that will be used in decision making. BI Tool had been planned to be installed in the servers of Ministry of Development for the use of Development Agencies and Istanbul Apparels Exporters Association (IHKIB). However, because of the change in presidential system, Ministry of Development was reorganized under Presidency of Republic of Turkey, Presidency of Strategy and Budget with the Presidential Decree Numbered 13 dated 24 July 2018; and General Directorate of Regional Development and Structural Adjustment of Ministry of Development was reorganized under Ministry of Industry and Technology as General Directorate of Development Agencies with the Statutory Decree Numbered 703 dated 9 July 2018. Following this institutional change BI Tool was installed in two servers; one in Ministry of Industry and Technology and one in IHKIB. BI Tools have been licensed for two administrators, 40 developers in total in Development Agencies under the server installed in MoIT; IHKIB and Kocaeli Chambers of Industry under the server in IHKIB.

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CO-REF No: 2018/ 0

Asset Transfer-in/Transfer-out Form (Below USD1.500)

Project No	Fund	Business Unit (currently in ATLAS)	Description (item name/ model/manufacturer)	Serial Number (Not applicable for furniture)	Acquisition Date	Purchase Value	Remarks
00095862	30079	TUR10	Acrobat Professional 2017 17.0 MLP AOO License TR (65280351)	17034393	09.11.2018	\$720,78	Subject attractive asset is recorded in the UNDP Management Attractive items/assets list. It is used and controlled by UNDP staff for wind up period of the project.

Transfer Out Unit	Transfer In Unit	
Transfer From:	Transfer To:	
Support to Development of a Policy Framework on Total Factor Productivity (00095862)	UNDP Management	
Operating Unit: TURKEY	Operating Unit: TURKEY	
Operating Unit ID: TUR	Operating Unit ID: TUR	
Physical Transfer Out-Date: 10.11.2018	Physical Transfer In-Date: 10.11.2018	

Signatures Signatures Signatures Signatures Signatures	
Transfer Out Unit	Transfer In Unit
Signed by:	Signature of Asset Focal Point:
Name: Kısmet Deniz Çiftçi Arslan Title: Deputy Team Leader, TFP Name: Burak Eldem Title: Portfolio Administrator	Name: Esra Tuncel Açıkgöz Title: Administrative Associate